

E-002/M-89-1108 APPROVING REQUEST TO LOWER MINIMUM CONTROLLABLE DEMAND, REJECTING EXPEDITED CUSTOMER INCREASES, AND APPROVING REQUEST TO CHANGE EMERGENCY SERVICE TO CONTROL PERIOD ENERGY SERVICE

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Patrice Vick	Commissioner

In the Matter of the Request by Northern
States Power to Revise its Peak-Controlled
and Energy-Controlled Services

ISSUE DATE: March 27, 1990

DOCKET NO. E-002/M-89-1108

ORDER APPROVING REQUEST TO
LOWER MINIMUM CONTROLLABLE
DEMAND, REJECTING EXPEDITED
CUSTOMER INCREASES, AND
APPROVING REQUEST TO CHANGE
EMERGENCY SERVICE TO CONTROL
PERIOD ENERGY SERVICE

PROCEDURAL HISTORY

On December 13, 1989, Northern States Power Company (NSP or the Company) filed a request for three revisions to its Peak-Controlled and Energy-Controlled Service tariffs. The requested revisions were:

1. A reduction in the minimum controllable demand for Peak-Controlled and Energy-Controlled Service;
2. An increase in customer charges for new customers;
3. A change from Emergency Service to Control Period Energy Service.

On February 7, 1990, the Department of Public Service (the Department) filed comments recommending approval of the first and third proposed revisions and rejection of the second proposed tariff revision. NSP indicated its willingness to abide by the Department's recommendation that the proposed customer charge increase be denied.

No other parties submitted comments.

The matter came before the Commission on March 20, 1990.

FINDINGS AND CONCLUSIONS

Peak-Controlled and Energy-Controlled Tariffs

Peak-Controlled and Energy-Controlled Service tariffs are offered to commercial and industrial customers as a means of load management. Customers on Peak-Controlled Service agree to control a predetermined portion of their load during peak times, when the cost of producing electricity is high. Customers on Energy-Controlled Service agree to control part of their load as soon as NSP must use costly oil-fired generation equipment or its equivalent.

Minimum Controllable Demand

Currently, Peak-Controlled and Energy-Controlled tariffs are only offered to commercial and industrial customers who control 100 kw or more. In its ongoing rate case, Docket No. E-002/GR-89-865, NSP has proposed expanding the Peak-Controlled and Energy-Controlled tariffs to allow commercial and industrial customers who control 75 to 99 kw to qualify for service. In the present filing, NSP has petitioned the Commission for expedited approval of this proposal so that NSP can have the new tariffs in place in time to affect its 1990 summer load. NSP estimates that the expanded tariffs would produce 6,375 kw more in controllable demand, resulting in an annual reduction in demand-charge revenues of \$222,870. Assuming a seven-month interim period between approval of this expedited filing and final Commission determination in NSP's rate case, the projected interim revenue reduction would be \$130,008.

The Commission finds that NSP's request for expedited approval of the proposed change is reasonable. The reduction in minimum demand would make the service available to more customers and would give NSP better control of its 1990 summer load. The Commission will approve this part of NSP's request, subject to final Commission determination in Docket No. E-002/GR-89-865.

Increased Customer Charge

In its ongoing rate case, NSP has proposed an increase in customer charges for all customers who avail themselves of Peak-Controlled or Energy-Controlled Service. In the present filing, NSP has requested expedited Commission approval of an increase for new customers who agree to control between 75 and 99 kw. The proposed increase would result in monthly charges to such customers of \$48.45 for Peak-Controlled Service and \$54.45 for Energy-Controlled Service.

The Commission finds that consideration of a specific rate increase should be part of the rate case proceeding. Only through full review of the complete record can the Commission determine if the proposed increase is reasonable. The Commission will reject NSP's request for expedited approval of the increased customer charge, and will consider this issue in the ongoing rate case. Until a final determination is made in the rate case, NSP should keep new customers seeking controlled service apprised of the ongoing rate case and of the rates proposed by NSP in that case.

Revised Emergency Service

Under current tariffs, customers who are on Energy-Controlled Service and who experience an emergency during a "control period" can request continued service from NSP at a premium rate of 9.46 cents per kwh. The emergency must be beyond the customer's control and continued service must not adversely affect firm service to any customer.

In the present petition, NSP seeks to expand premium service during "control periods" to non-emergency situations. Energy-Control Service customers would be guaranteed service during a "control period", provided the customers pay the 9.46 cents premium rate, capacity is available, and service to firm customers is not adversely effected. Because an emergency situation would no longer be a prerequisite for continued service, NSP proposes changing the name of the service from "Emergency Service" to "Control Period Energy Service."

The Commission agrees with the Department that NSP's proposed change to emergency service is reasonable and should be approved. NSP has indicated that the premium rate should cover incremental costs. If increases in oil costs render it necessary, the Company could propose an increase in premium rate to cover the additional cost.

If the revised emergency service proposal is approved, NSP has estimated a revenue increase of approximately \$93,000, based on 100 additional hours of controlled periods. This increase in revenue should be factored into the ongoing rate case.

ORDER

1. Northern States Power Company's request to lower the minimum controllable demand from 100 kw to 75 kw for Peak-Controlled Service and Energy-Controlled Service is hereby approved, subject to the Commission's findings in Docket No. E-002/GR-89-865.
2. Northern States Power Company's request to implement \$14 increases in customer charges for Peak-Controlled and Energy-Controlled Service is hereby denied.
3. Northern States Power Company's request to change Emergency Service for Energy-Controlled customers to Control Period Energy Service is hereby approved. Revenue increases resulting from this change shall be incorporated in Docket No. E-002/GR-89-865.
4. Within ten days of the issue date of this Order, Northern States Power Company shall file

revised tariff pages.

5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Lee Larson
Acting Executive Secretary

(S E A L)